

**NORTH SPRINGS
IMPROVEMENT DISTRICT**

BASIC FINANCIAL STATEMENTS

September 30, 2014

**NORTH SPRINGS IMPROVEMENT DISTRICT
BASIC FINANCIAL STATEMENTS
September 30, 2014**

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BASIC FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
North Springs Improvement District
Coral Springs, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of North Springs Improvement District (the "District") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standard applicable to the financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7, and schedule of funding progress - other post-employment benefits on page 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The other financial information is presented for purposes of additional analysis and is not a required part of the financial statements. The Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other financial information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keefe McCullough
KEEFE MCCULLOUGH

**NORTH SPRINGS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2014**

Our discussion and analysis of North Springs Improvement District's (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

The following are the highlights of financial activity for the year ended September 30, 2014:

- The District's total assets exceeded total liabilities by \$ 125,509,823 (net position). Unrestricted net position (deficit) for governmental activities was \$ (1,123,384). Unrestricted net position for business-type activities was \$ 6,937,404.
- Governmental activities revenues totaled \$ 8,806,006 while governmental activities expenses totaled \$ 9,886,249. Business-type revenues totaled \$ 17,995,222 while business-type expenses totaled \$ 11,444,481.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. The government-wide financial statements present an overall picture of the District's financial position and results of operations. The fund financial statements present financial information for the District's major funds. The notes to basic financial statements provide additional information concerning the District's finances that are not disclosed in the government-wide or fund financial statements.

Government-Wide Financial Statements

The Government-wide financial statements are the statement of net position and the statement of activities. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and business-type activities and the change in net position. Governmental activities are primarily supported by property tax assessments. Business-type activities are supported by charges to the users of those activities, such as water and sewer services.

The statement of net position presents information on all assets and liabilities of the District, with the difference between assets, deferred inflows/outflows of resources and liabilities reported as net position. Net position is reported in three categories: 1) net investment in capital assets, 2) restricted and 3) unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or declining.

**NORTH SPRINGS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2014**

The statement of activities presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program. Revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities or business-type activities. Governmental activities financed by the District include physical environment and general government. Business-type activities financed by user charges include water and sewer services.

Fund Financial Statements

Fund financial statements present financial information for governmental funds and proprietary funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the fund, changes in current financial resources (revenues and expenditures), and current available resources. The proprietary fund financial statements provide information on all assets and liabilities of the fund, changes in the economic resources (revenues and expenses), and total economic resources.

Fund financial statements include a balance sheet and a statement of revenues, expenditures and change in fund balance for the governmental funds. A statement of revenues, expenditures, and change in fund balance - budget and actual, is provided for the District's General Fund. For proprietary funds, a statement of net position, a statement of revenues, expenses and change in net position, and a statement of cash flows are presented. Fund financial statements provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses and to comply with legal requirements.

The government-wide financial statements and the fund financial statements provide different pictures of the District. The government-wide financial statements provide an overall picture of the District's financial standing, split between governmental activities and business-type activities. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District. All assets of the District, including buildings, land, machinery and equipment, construction-in-progress and infrastructure are reported in the statement of net position. All liabilities, including principal outstanding on bonds, and future employee benefits, obligated but not paid by the District, are included. The statement of activities includes a provision for depreciation of all long-lived assets of the District, but transactions between the different functions of the District have been eliminated in order to avoid "doubling up" the revenues and expenses. The fund financial statements provide a picture of the major funds of the District. In the case of governmental activities, outlays for long-lived assets are reported as expenditures and long-term liabilities, such as general obligations bonds, are not included in the fund financial statements. To provide a link from the fund financial statements to the government-wide financial statements, reconciliations are provided from the fund financial statements to the government-wide financial statements.

Notes to the Basic Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 39 of this report.

**NORTH SPRINGS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2014**

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's funding progress of Other Post-Employment Benefits Plan, which can be found on page 40.

The combining statements of nonmajor governmental funds are presented immediately following the required supplementary information. The nonmajor governmental funds overview and combining fund statements can be found on pages 41 through 45.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statements of net position as of September 30, 2014 and 2013:

**North Springs Improvement District
Statements of Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
CURRENT AND OTHER ASSETS	\$ 695,141	\$ 616,033	\$ 14,409,972	\$ 9,816,078	\$ 15,105,113	\$ 10,432,111
RESTRICTED ASSETS	14,415,843	8,725,699	9,470,427	19,319,986	23,886,270	28,045,685
CAPITAL ASSETS (NET)	<u>121,809,604</u>	<u>107,506,765</u>	<u>82,895,540</u>	<u>74,087,355</u>	<u>204,705,144</u>	<u>181,594,120</u>
Total assets	<u>136,920,588</u>	<u>116,848,497</u>	<u>106,775,939</u>	<u>103,223,419</u>	<u>243,696,527</u>	<u>220,071,916</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>253,038</u>	<u>299,119</u>	<u>301,164</u>	<u>451,745</u>	<u>554,202</u>	<u>750,864</u>
CURRENT LIABILITIES	4,729,363	4,910,276	5,428,587	7,339,344	10,157,950	12,249,620
NONCURRENT LIABILITIES	<u>62,346,119</u>	<u>41,061,953</u>	<u>46,236,837</u>	<u>47,474,882</u>	<u>108,582,956</u>	<u>88,536,835</u>
Total liabilities	<u>67,075,482</u>	<u>45,972,229</u>	<u>51,665,424</u>	<u>54,814,226</u>	<u>118,740,906</u>	<u>100,786,455</u>
NET POSITION						
Net investment in capital assets	71,221,528	71,749,583	45,462,131	45,379,086	116,683,659	117,128,669
Restricted	-	806,153	3,012,144	2,899,746	3,012,144	3,705,899
Unrestricted (deficit)	<u>(1,123,384)</u>	<u>(1,377,349)</u>	<u>6,937,404</u>	<u>582,106</u>	<u>5,814,020</u>	<u>(795,243)</u>
Total net position	<u>\$ 70,098,144</u>	<u>\$ 71,178,387</u>	<u>\$ 55,411,679</u>	<u>\$ 48,860,938</u>	<u>\$ 125,509,823</u>	<u>\$ 120,039,325</u>

**NORTH SPRINGS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2014**

Governmental and Business-Type Activities

Governmental activities decreased the District's net position by \$ 1,080,243, while business-type activities increased the District's net position by \$ 6,550,741, as reflected in the table below:

**North Springs Improvement District
Statements of Activities**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
REVENUES:						
Charges for services	\$ -	\$ -	\$ 14,301,103	\$ 11,564,475	\$ 14,301,103	\$ 11,564,475
Capital grants and contributions	-	-	3,694,029	1,924,430	3,694,029	1,924,430
Taxes:						
Assessments	8,706,995	7,973,042	-	-	8,706,995	7,973,042
Other	97,595	113,207	18,635	95,808	116,230	209,015
Total revenues	8,804,590	8,086,249	18,013,767	13,584,713	26,818,357	21,670,962
EXPENSES:						
General government	757,135	826,809	-	-	757,135	826,809
Physical environment	1,853,260	2,271,041	-	-	1,853,260	2,271,041
Water and sewer	-	-	8,529,529	7,285,029	8,529,529	7,285,029
Provisions for depreciation	3,532,524	3,500,921	2,138,545	2,020,740	5,671,069	5,521,661
Interest expense and other fiscal charges	3,743,330	2,599,189	776,407	801,787	4,519,737	3,400,976
Total expenses	9,886,249	9,197,960	11,444,481	10,107,556	21,330,730	19,305,516
Change in net position before other income (expense)	(1,081,659)	(1,111,711)	6,569,286	3,477,157	5,487,627	2,365,446
OTHER INCOME (EXPENSE):						
Interest income	2,420	3,235	1,030	4,526	3,450	7,761
Unrealized gain on investments	(1,004)	1,835	(19,575)	36,029	(20,579)	37,864
Total other income (expense)	1,416	5,070	(18,545)	40,555	(17,129)	45,625
Change in net position	(1,080,243)	(1,106,641)	6,550,741	3,517,712	5,470,498	2,411,071
NET POSITION, beginning of the year	71,178,387	72,285,028	48,860,938	45,343,226	120,039,325	117,628,254
NET POSITION, end of the year	\$ 70,098,144	\$ 71,178,387	\$ 55,411,679	\$ 48,860,938	\$ 125,509,823	\$ 120,039,325

ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focuses of the District's governmental funds are to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

**NORTH SPRINGS IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2014**

As of the end of the current fiscal year, the District's governmental funds reported an ending fund balance of \$ 14,934,257.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District's capital assets less accumulated depreciation for its governmental activities and business-type activities as of September 30, 2014 amounts to \$ 121,809,604 and \$ 82,895,540, respectively, and consists of land, buildings, infrastructure, equipment, meters in the field and construction-in-progress.

At the end of the year, the District's governmental activities had debt outstanding of \$ 65,256,957 and the District's business activities had debt outstanding of \$ 47,205,000.

Additional information on the District's debt can be found in Note 5 on pages 32 through 35 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

An operating budget for the General Fund was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The General Fund budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The General Fund budget was amended in order to reallocate certain expenditures in year ended September 30, 2014 as a result of adjustments of revenues and expenses approved during the fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S UTILITY RATES

The 2015 General Fund's budgeted expenditures increased by approximately \$ 1,170,000. The increase is mainly due to increases in repairs and maintenance. The 2015 Water and Sewer Fund's budgeted expenses increased by approximately \$ 2,874,347. The increase is due to an increase in interest expense and capital outlay. The District has approved a utility rate increase beginning in 2015.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of North Springs Improvement District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the North Springs Improvement District, 9700 NW 52nd Street, Coral Springs, Florida 33076.

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
September 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Current assets:			
Cash, cash equivalents and investments	\$ 1,167,907	\$ 12,088,713	\$ 13,256,620
Accounts receivable	2,936	1,566,376	1,569,312
Due from other sources	-	156,738	156,738
Internal balances	(493,612)	493,612	-
Prepaid expenses	17,910	104,533	122,443
	<u>695,141</u>	<u>14,409,972</u>	<u>15,105,113</u>
Total current assets			
Noncurrent assets:			
Restricted assets:			
Cash, cash equivalents and investments	14,415,843	9,470,427	23,886,270
Capital assets not being depreciated:			
Land	12,243,726	2,770,294	15,014,020
Construction in progress	17,133,770	33,200,076	50,333,846
Easements	-	82,785	82,785
Capital assets being depreciated:			
Buildings and improvements	3,618,942	438,367	4,057,309
Infrastructure	139,091,531	75,238,875	214,330,406
Equipment	690,010	2,563,851	3,253,861
Less accumulated depreciation	(50,968,375)	(31,398,708)	(82,367,083)
	<u>136,225,447</u>	<u>92,365,967</u>	<u>228,591,414</u>
Total noncurrent assets			
Total assets	<u>136,920,588</u>	<u>106,775,939</u>	<u>243,696,527</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	<u>253,038</u>	<u>301,164</u>	<u>554,202</u>
Total assets and deferred outflows of resources	\$ <u>137,173,626</u>	\$ <u>107,077,103</u>	\$ <u>244,250,729</u>

The accompanying notes to basic financial statements are an integral part of these statements.

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
(continued)
September 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 75,825	\$ 526,257.00	\$ 602,082
Accrued liabilities	24,955	96,448	121,403
Contracts payable	1,939	1,514,555	1,516,494
Customer deposits	74,008	599,171	673,179
Due to developer	-	610,544	610,544
Accrued interest	1,525,609	775,067	2,300,676
Bonds payable	3,025,000	1,300,000	4,325,000
Compensated absences payable	<u>2,027</u>	<u>6,545</u>	<u>8,572</u>
Total current liabilities	<u>4,729,363</u>	<u>5,428,587</u>	<u>10,157,950</u>
Noncurrent liabilities:			
Compensated absences payable	24,094	58,905	82,999
Net OPEB obligation	90,068	272,932	363,000
Bonds payable	<u>62,231,957</u>	<u>45,905,000</u>	<u>108,136,957</u>
Total noncurrent liabilities	<u>62,346,119</u>	<u>46,236,837</u>	<u>108,582,956</u>
Total liabilities	<u>67,075,482</u>	<u>51,665,424</u>	<u>118,740,906</u>
NET POSITION:			
Net investment in capital assets	71,221,528	45,462,131	116,683,659
Restricted for:			
Renewal and replacement	-	1,375,864	1,375,864
Debt service	-	1,636,280	1,636,280
Unrestricted (deficit)	<u>(1,123,384)</u>	<u>6,937,404</u>	<u>5,814,020</u>
Total net position	<u>70,098,144</u>	<u>55,411,679</u>	<u>125,509,823</u>
Total liabilities and net position	<u>\$ 137,173,626</u>	<u>\$ 107,077,103</u>	<u>\$ 244,250,729</u>

The accompanying notes to basic financial statements are an integral part of these statements.

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS:							
Governmental activities:							
General government	\$ 757,135	\$ -	\$ -	\$ -	\$ (757,135)	\$ -	\$ (757,135)
Physical environment	1,853,260	-	-	-	(1,853,260)	-	(1,853,260)
Provision for depreciation	3,532,524	-	-	-	(3,532,524)	-	(3,532,524)
Interest expense and other fiscal charges	3,743,330	-	-	-	(3,743,330)	-	(3,743,330)
Total governmental activities	9,886,249	-	-	-	(9,886,249)	-	(9,886,249)
Business-type activities:							
Personal services	2,662,730	-	-	-	-	(2,662,730)	(2,662,730)
Materials, supplies and services	5,866,799	14,301,103	-	3,694,029	-	12,128,333	12,128,333
Provision for depreciation	2,138,545	-	-	-	-	(2,138,545)	(2,138,545)
Interest expense and other fiscal charges	776,407	-	-	-	-	(776,407)	(776,407)
Total business-type activities	11,444,481	14,301,103	-	3,694,029	-	6,550,651	6,550,651
Total primary government	\$ 21,330,730	\$ 14,301,103	\$ -	\$ 3,694,029	(9,886,249)	6,550,651	(3,335,598)
General revenues:							
Special assessments					8,706,995	-	8,706,995
Investment earnings					2,420	1,030	3,450
Miscellaneous					97,595	18,635	116,230
Unrealized gain (loss) on investments					(1,004)	(19,575)	(20,579)
Total general revenues					8,806,006	90	8,806,096
Change in net position					(1,080,243)	6,550,741	5,470,498
Net position, October 1, 2013					71,178,387	48,860,938	120,039,325
Net position, September 30, 2014					\$ 70,098,144	\$ 55,411,679	\$ 125,509,823

The accompanying notes to basic financial statements are an integral part of these statements.

NORTH SPRINGS IMPROVEMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2014

	<u>General</u>	<u>207 Debt Service</u>	<u>209 Debt Service</u>
ASSETS:			
Cash, cash equivalents and investments	\$ 1,167,907	\$ -	\$ -
Accounts receivable	2,936	-	-
Prepaid expenditures	17,910	-	-
Due from other funds	199,516	-	-
Restricted assets:			
Investments at fair value	<u>-</u>	<u>2,274,790</u>	<u>770,862</u>
Total assets	\$ <u>1,388,269</u>	\$ <u>2,274,790</u>	\$ <u>770,862</u>
LIABILITIES AND FUND BALANCES:			
Accounts payable	\$ 75,825	\$ -	\$ -
Accrued liabilities	24,955	-	-
Customer deposits	74,008	-	-
Due to other funds	538,495	12,677	3,782
Contracts payable	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>713,283</u>	<u>12,677</u>	<u>3,782</u>
Fund balances:			
Nonspendable:			
Prepaid expenditures	17,910	-	-
Restricted for:			
Debt service	-	2,262,113	-
Capital projects	-	-	767,080
Assigned to:			
First quarter operating reserves	50,000	-	-
Unassigned	<u>607,076</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>674,986</u>	<u>2,262,113</u>	<u>767,080</u>
Total liabilities and fund balances	\$ <u>1,388,269</u>	\$ <u>2,274,790</u>	\$ <u>770,862</u>

The accompanying notes to basic financial statements are an integral part of these statements.

<u>313 Capital Projects</u>	<u>314 Capital Projects</u>	<u>315 Capital Projects</u>	<u>316 Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,167,907
-	-	-	-	-	2,936
-	-	-	-	-	17,910
-	-	-	-	-	199,516
<u>2,304,632</u>	<u>59,955</u>	<u>55,227</u>	<u>59,755</u>	<u>8,890,622</u>	<u>14,415,843</u>
\$ <u><u>2,304,632</u></u>	\$ <u><u>59,955</u></u>	\$ <u><u>55,227</u></u>	\$ <u><u>59,755</u></u>	\$ <u><u>8,890,622</u></u>	\$ <u><u>15,804,112</u></u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,825
-	-	-	-	-	24,955
-	-	-	-	-	74,008
-	-	-	-	138,174	693,128
-	-	-	-	1,939	1,939
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,113</u>	<u>869,855</u>
-	-	-	-	-	17,910
-	-	-	-	1,986,612	4,248,725
2,304,632	59,955	55,227	59,755	6,763,897	10,010,546
-	-	-	-	-	50,000
-	-	-	-	-	607,076
<u>2,304,632</u>	<u>59,955</u>	<u>55,227</u>	<u>59,755</u>	<u>8,750,509</u>	<u>14,934,257</u>
\$ <u><u>2,304,632</u></u>	\$ <u><u>59,955</u></u>	\$ <u><u>55,227</u></u>	\$ <u><u>59,755</u></u>	\$ <u><u>8,890,622</u></u>	\$ <u><u>15,804,112</u></u>

The accompanying notes to basic financial statements are an integral part of these statements.

NORTH SPRINGS IMPROVEMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2014

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 14,934,257**

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Cost of capital assets	\$ 172,777,979	
Accumulated depreciation	<u>(50,968,375)</u>	121,809,604

Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(65,256,957)	
Deferred charge	253,038	
Accrued interest payable on long term debt	(1,525,609)	
OPEB obligation	(90,068)	
Compensated absences	<u>(26,121)</u>	<u>(66,645,717)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 70,098,144**

The accompanying notes to basic financial statements are an integral part of these statements.

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2014

	<u>General</u>	<u>207 Debt Service</u>	<u>209 Debt Service</u>
REVENUES:			
Special assessments	\$ 2,680,507	\$ 1,758,059	\$ 1,662,291
Permit fees	10,995	-	-
Investment earnings	1,667	143	27
Unrealized gain (loss) on investments	(1,004)	-	-
Miscellaneous revenues	86,600	-	-
	<u>2,778,765</u>	<u>1,758,202</u>	<u>1,662,318</u>
EXPENDITURES:			
Current:			
General government:			
Personal services	569,705	-	-
Operating	190,529	-	-
Physical environment:			
Personal services	569,447	-	-
Operating	1,281,117	-	-
Capital outlay	317,768	-	-
Debt service:			
Principal	-	920,000	1,505,000
Interest	-	852,925	342,428
Bond issuance costs and other fiscal charges	-	12,677	3,693
	<u>2,928,566</u>	<u>1,785,602</u>	<u>1,851,121</u>
Net change in fund balances	<u>(149,801)</u>	<u>(27,400)</u>	<u>(188,803)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	317,768	-	-
Operating transfers out	-	-	-
Bond proceeds	-	-	-
Discount on bonds issued	-	-	-
	<u>317,768</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>167,967</u>	<u>(27,400)</u>	<u>(188,803)</u>
FUND BALANCES, October 1, 2013	<u>507,019</u>	<u>2,289,513</u>	<u>955,883</u>
FUND BALANCES, September 30, 2014	\$ <u>674,986</u>	\$ <u>2,262,113</u>	\$ <u>767,080</u>

The accompanying notes to basic financial statements are an integral part of these statements.

<u>313 Capital Projects</u>	<u>314 Capital Projects</u>	<u>315 Capital Projects</u>	<u>316 Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,606,138	\$ 8,706,995
-	-	-	-	-	10,995
71	2	12	15	483	2,420
-	-	-	-	-	(1,004)
-	-	-	-	-	86,600
<u>71</u>	<u>2</u>	<u>12</u>	<u>15</u>	<u>2,606,621</u>	<u>8,806,006</u>
-	-	-	-	-	569,705
-	-	-	-	-	190,529
-	-	-	-	-	569,447
-	-	-	-	-	1,281,117
3,339,142	6,844,957	3,072,576	3,877,095	383,825	17,835,363
-	-	-	-	1,500,000	3,925,000
-	-	-	-	1,353,226	2,548,579
<u>157,671</u>	<u>101,397</u>	<u>144,785</u>	<u>100,260</u>	<u>24,951</u>	<u>545,434</u>
<u>3,496,813</u>	<u>6,946,354</u>	<u>3,217,361</u>	<u>3,977,355</u>	<u>3,262,002</u>	<u>27,465,174</u>
<u>(3,496,742)</u>	<u>(6,946,352)</u>	<u>(3,217,349)</u>	<u>(3,977,340)</u>	<u>(655,381)</u>	<u>(18,659,168)</u>
-	-	-	-	-	317,768
-	-	-	-	(317,768)	(317,768)
5,927,974	7,161,707	3,367,876	4,157,295	4,260,148	24,875,000
<u>(126,600)</u>	<u>(155,400)</u>	<u>(95,300)</u>	<u>(120,200)</u>	<u>-</u>	<u>(497,500)</u>
<u>5,801,374</u>	<u>7,006,307</u>	<u>3,272,576</u>	<u>4,037,095</u>	<u>3,942,380</u>	<u>24,377,500</u>
<u>2,304,632</u>	<u>59,955</u>	<u>55,227</u>	<u>59,755</u>	<u>3,286,999</u>	<u>5,718,332</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,463,510</u>	<u>9,215,925</u>
\$ <u><u>2,304,632</u></u>	\$ <u><u>59,955</u></u>	\$ <u><u>55,227</u></u>	\$ <u><u>59,755</u></u>	\$ <u><u>8,750,509</u></u>	\$ <u><u>14,934,257</u></u>

The accompanying notes to basic financial statements are an integral part of these statements.

NORTH SPRINGS IMPROVEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2014

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 5,718,332
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Capital outlay	\$ 17,835,363	
Current year depreciation	<u>(3,532,524)</u>	14,302,839

The issuance of long-term debt (e.g. bonds and notes payable) provide current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Principal payments	3,925,000	
Bond discount	497,500	
Bond proceeds	<u>(24,875,000)</u>	(20,452,500)

Some expenses reported in the statement of activities are not reported in the governmental funds because they have no effect on current financial resources.

Amortization of deferred charge - Series 1998 & 2005	(46,081)	
Amortization of discount - Series 2014 A & B	(19,457)	
Change in accrued interest payable	(583,779)	
Change in OPEB obligation	(19,867)	
Change in compensated absences	<u>20,270</u>	<u>(648,914)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>(1,080,243)</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES:				
Special assessments	\$ 2,636,772	\$ 2,648,080	\$ 2,680,507	\$ 32,427
Permit fees	7,000	7,000	10,995	3,995
Investment earnings	-	12	1,667	1,655
Miscellaneous revenues	115,000	108,013	86,600	(21,413)
Unrealized gain (loss) on investments	-	-	(1,004)	(1,004)
Total revenues	2,758,772	2,763,105	2,778,765	15,660
EXPENDITURES:				
Current:				
General government:				
Personal	536,796	551,954	569,705	(17,751)
Operating	163,375	189,545	190,529	(984)
Physical environment:				
Personal	574,562	574,562	569,447	5,115
Operating	996,025	1,051,472	1,281,117	(229,645)
Capital outlay	-	317,768	317,768	-
Total expenditures	2,270,758	2,685,301	2,928,566	(243,265)
Excess (deficiency) of revenues over expenditures	488,014	77,804	(149,801)	(227,605)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	317,768	317,768	-
Reserved for first quarter operating	488,014	395,572	-	395,572
Total other financing sources (uses)	488,014	713,340	317,768	395,572
Net change in fund balance	976,028	791,144	167,967	167,967
FUND BALANCE, October 1, 2013	-	-	507,019	507,019
FUND BALANCE, September 30, 2014	\$ -	\$ -	\$ 674,986	\$ 674,986

The accompanying notes to basic financial statements are an integral part of these statements.

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2014

ASSETS:

Current assets:

Cash, cash equivalents and investments	\$ 12,088,713
Accounts receivable	1,566,376
Due from other sources	156,738
Due from other funds	493,612
Prepaid expenses	<u>104,533</u>

Total current assets	<u>14,409,972</u>
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Noncurrent assets:

Restricted assets:

Cash, cash equivalents and investments	9,470,427
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Capital assets:

Depreciable (net)	46,842,385
Nondepreciable	<u>36,053,155</u>

Total noncurrent assets	<u>92,365,967</u>
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Total assets	<u>106,775,939</u>
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DEFERRED OUTFLOWS OF RESOURCES:

Deferred charge on refunding	<u>301,164</u>
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Total assets and deferred outflows of resources	<u>\$ 107,077,103</u>
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The accompanying notes to basic financial statements are an integral part of these statements.

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
(continued)
September 30, 2014

LIABILITIES:

Current liabilities:

Accounts payable	\$ 526,257
Accrued liabilities	96,448
Contracts payable	1,514,555
Due to developer	610,544
Customer deposits	599,171
Accrued interest	775,067
Compensated absences payable	6,545
Bonds payable	<u>1,300,000</u>

Total current liabilities	<u>5,428,587</u>
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Noncurrent liabilities:

Compensated absences payable	58,905
Net OPEB obligation	272,932
Bonds payable	<u>45,905,000</u>

Total noncurrent liabilities	<u>46,236,837</u>
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Total liabilities	<u>51,665,424</u>
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NET POSITION:

Net investment in capital assets	45,462,131
Restricted for renewal and replacement	1,375,864
Restricted for debt service	1,636,280
Unrestricted	<u>6,937,404</u>

Total net position	<u>55,411,679</u>
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Total liabilities and net position	<u>\$ 107,077,103</u>
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The accompanying notes to basic financial statements are an integral part of these statements.

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended September 30, 2014

OPERATING REVENUES:

Charges for services:	
Water and sewer	\$ 8,646,403
Sewer	4,878,578
Miscellaneous fees	521,848
Meter fees	<u>254,274</u>
Total operating revenues	<u>14,301,103</u>

OPERATING EXPENSES:

Personal services	2,662,730
Materials, supplies and services	5,866,799
Provisions for depreciation	<u>2,138,545</u>
Total operating expenses	<u>10,668,074</u>
Operating income	<u>3,633,029</u>

NONOPERATING REVENUES (EXPENSES):

Miscellaneous revenues	18,635
Unrealized gain (loss) on investments	(19,575)
Interest earnings	1,030
Interest expense and other fiscal charges	<u>(776,407)</u>
Total nonoperating revenue (expenses)	<u>(776,317)</u>

Income before capital contributions	2,856,712
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CONTRIBUTIONS:

Capital contributions	<u>3,694,029</u>
Total contributions	<u>3,694,029</u>

Change in net position	<u>6,550,741</u>
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NET POSITION, October 1, 2013	<u>48,860,938</u>
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NET POSITION, September 30, 2014	<u>\$ 55,411,679</u>
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The accompanying notes to basic financial statements are an integral part of these statements.

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended September 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$ 14,261,343
Payments to suppliers for goods and services	(6,213,052)
Payments to employees for services	<u>(2,644,862)</u>
Net cash provided by (used in) operating activities	<u>5,403,429</u>

CASH FLOWS FROM NONCAPITAL

FINANCING ACTIVITIES:

Cash received from grants and other miscellaneous activities	<u>18,635</u>
Net cash provided by (used in) noncapital financing activities	<u>18,635</u>

CASH FLOWS FROM CAPITAL AND RELATED

FINANCING ACTIVITIES:

Purchase of capital assets	(11,706,473)
Bond principal payments	(1,275,000)
Deferred amount on refunding	150,581
Capital contributions	3,694,029
Interest and other charges	<u>(797,341)</u>
Net cash provided by (used in) capital and related financing activities	<u>(9,934,204)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Unrealized gain (loss) on investments	(19,575)
Interest received	<u>1,030</u>
Net cash provided by (used in) investing activities	<u>(18,545)</u>

Net increase (decrease) in cash, cash equivalents and investments	(4,530,685)
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**CASH, CASH EQUIVALENTS AND
INVESTMENTS, October 1, 2013**

26,089,825

**CASH, CASH EQUIVALENTS AND
INVESTMENTS, September 30, 2014**

\$ 21,559,140

The accompanying notes to basic financial statements are an integral part of these statements.

NORTH SPRINGS IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
(continued)
For the Year Ended September 30, 2014

RECONCILIATION OF OPERATING INCOME TO NET

CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:

Operating income	\$ 3,633,029
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Provision for depreciation	2,138,545
Decrease (increase) in assets:	
Accounts receivable	(22,617)
Prepaid expenses	(32,233)
Due from other funds	(139,230)
Due from other sources	919,060
Increase (decrease) in liabilities:	
Accounts payable	181,529
Accrued liabilities	(44,734)
Due to developer	(1,275,379)
Customer deposits	(17,143)
Net OPEB obligation	56,133
Compensated absences	6,469
	<hr/>
Total adjustments	1,770,400
	<hr/>
Net cash provided by (used in) operating activities	\$ 5,403,429
	<hr/>

The accompanying notes to basic financial statements are an integral part of these statements.

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2014

NOTE 1 - ORGANIZATION AND OPERATIONS

North Springs Improvement District (the "District") was established pursuant to Chapter 71-580, Laws of Florida, as amended, and Chapter 298, Florida Statutes, in 1971. Chapter 71-580 was replaced by Chapter 2005-341, Laws of Florida, which has been amended by Chapter 2007-285, Laws of Supplement No. 2, Supplement No. 3, a revised Supplement No. 3 and other lands, respectively. The District was created to undertake a variety of improvements, including the reclamation and drainage of land, to establish roads and highways, to provide access thereto and to provide water and sewage facilities to promote and create favorable conditions for the development of land within the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The District's more significant accounting policies are described below.

Reporting entity:

The criteria used for including component units consist of the identification of legally separate organizations for which the Board of Supervisors of the District are financially accountable. This criteria, also includes the identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete. Based upon this review, there were no potential component units of the District.

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District has both governmental and business-type activities.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full-accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations. The effect of inter-fund activity has been eliminated from the government-wide financial statements.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The net costs, by function, are also supported by general revenues, other revenue, etc. The statement of activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflect capital-specific grants.

This government-wide focus is more on the ability to sustain the District as an entity and the change in the District's net position resulting from the current year's activities.

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenditures (expenses). Major individual governmental funds and the major individual proprietary fund are reported as separate columns in the fund financial statements.

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The District reports the following major governmental funds:

General Fund - The General Fund is established to account for all financial transactions not properly accounted for in another fund.

2005 A1&B1 Debt Service Fund (207 Debt Service) - The 2005 A1&B1 Debt Service Fund accounts for debt service requirements for the District's Outstanding Special Assessment Bond, Series 2005 A1&B1.

2006A/B Heron Bay North Debt Service Fund (209 Debt Service) - The 2006 A/B Heron Bay North Debt Service Fund accounts for debt service requirements for the District's outstanding Special Assessment Bonds, Series 2006 A/B.

2014A-1 Capital Project Fund (313 Capital Projects) - The 2014A-1 Capital Projects Fund accounts for the construction of infrastructure improvements within the boundaries of Assessment Area A.

2014A-2 Capital Project Fund (314 Capital Projects) - The 2014A-2 Capital Projects Fund accounts for the water management improvements within the boundaries of Unit Area A.

2014B-1 Capital Project Fund (315 Capital Projects) - The 2014B-1 Capital Projects Fund accounts for the construction of infrastructure improvements within the boundaries of Assessment Area B.

2014B-2 Capital Project Fund (316 Capital Projects) - The 2014B-2 Capital Projects Fund accounts for the water management improvements within the boundaries of Unit Area B.

The District reports the following major proprietary fund:

Water and Sewer Fund - The Water and Sewer Fund is an proprietary fund established to account for operations that are to be financed and operated in a manner similar to private business enterprises. The costs of providing services to customers are to be recovered primarily through user charges.

Measurement focus, basis of accounting, and presentation:

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the basic financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the government-wide statements use the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available for use. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers revenues available if they are collected within sixty days after year end. Expenditures are generally recognized when the liability is incurred, except that interest payable on debt is recognized only when due.

The Proprietary Fund uses the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred.

Budgets and budgetary accounting:

The District's annual budgets are adopted for the General Fund and Water and Sewer Fund and approved by the Board of Supervisors. The budget amounts presented in the accompanying basic financial statements are as originally adopted by the District's Board of Supervisors. Any amendments to the budget are reflected in the amended budget.

The General Fund budget is prepared on a basis consistent with generally accepted accounting principles (GAAP). The budget is a financial plan approved in the manner authorized by law, but not subject to appropriation.

Encumbrances:

The District does not utilize encumbrance accounting.

Cash equivalents:

For purposes of the statement of cash flows, the Water and Sewer Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments:

Investments are stated at their fair value, which is based on quoted market prices. Unrealized gains and losses in fair value are recognized. Certain investments are stated at amortized cost if they have a remaining maturity of one year or less when purchased.

Accounts receivable:

Accounts receivable reflected in the Water and Sewer Fund consist of charges to customers for service including sewer revenues on services which have been rendered whether billed or not. No allowance for doubtful accounts is considered necessary.

Prepaid expenses/expenditures:

Certain payments reflect costs applicable to a future accounting period and are recorded as prepaid items in both the government-wide and fund financial statements.

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Due to/from other funds:

Short-term inter-fund advances, when applicable, are recorded by the advancing fund as a receivable with a corresponding payable recorded by the receiving fund. Repayments reduce the corresponding receivable and payable. Inter-fund balances are eliminated in the government-wide financial statements.

Capital assets:

Capital assets, which include land, buildings, infrastructure, machinery and equipment and construction-in-progress, are reported in the governmental or business-type activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated cost when actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The District defines capital assets as assets with an initial individual cost of more than \$ 5,000 and an estimated useful life in excess of one year. Depreciation on all capital assets is charged to operations using the straight-line method over the assets' estimated service lives, ranging from 5 to 50 years.

The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend its life are not capitalized.

Deferred outflows/inflows of resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is a deferred charge on refunding reported in the proprietary fund and government-wide statement of net position. A deferred charge on refunding results from the results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualify for reporting in this category.

Net position:

Net position is classified in three categories. The general meaning of each is as follows:

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- b. Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted - all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Balance:

The District follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Supervisors (the "Board"). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned: This classification includes the residual fund balance for the General Fund.

When the District has expenditures for which committed, assigned or unassigned fund balance is available, the District would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

**NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property tax calendar (assessments):

District assessments are certified with the Broward County Property Appraiser and collected by the Broward County Tax Collector. The key dates in the property tax cycle are as follows:

Current Fiscal Year:

Beginning of fiscal year for which	
Assessments have been levied	October 1
Property tax bills rendered	November 1
Property tax bill due date	March 31
Delinquent tax lien	April 30
Tax certificates sold	June 1

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of management review:

Subsequent events were evaluated by management through March 16, 2015, which is the date the financial statements were available for issuance.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits:

The District's deposits must be placed with banks and savings and loans which are qualified as public depositories prior to receipt of public monies under Chapter 280, Florida Statutes. As of September 30, 2014, all deposits are insured by the FDIC up to \$ 250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer in the collateral pool. At year end, the carrying amount of the District's bank deposits was \$ 13,015,227 and the bank balance was \$ 13,523,224. In addition, the District had \$ 5,300 in petty cash.

Investments:

The investment of funds is authorized by Florida Statutes, which allows the District to invest in the Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, SEC registered money market funds with the highest credit quality rating, interest-bearing time deposits or savings accounts in qualified public depositories and direct obligations of the United States Treasury. Certain investments of the proprietary fund are governed by Bond Indentures.

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2014

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Investments as of September 30, 2014 were as follows:

<u>Investment</u>	<u>Reported Amount - Fair Value or Amortized Cost</u>	<u>Maturity</u>
Money Market Mutual Funds State Board of Administration: Florida Prime	\$ 23,886,270 236,093	
		Weighted average life is 39 days
Total	\$ <u>24,122,363</u>	

These deposits and investments are reflected in the accompanying statement of net position as cash, cash equivalents and investments of \$ 37,142,890.

Credit risk:

Florida Statutes require the money market mutual funds held by the District to have the highest credit quality rating from a nationally recognized rating agency. The money market mutual funds held by the District are rated "AAAm" by Standard and Poor's and "Aaa-mf" by Moody's Investors Service. The Florida Prime is rated AAAM by Standard and Poor's.

Interest rate risk:

Florida Statutes state that the investment portfolio be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. The District's investments are not subject to interest rate risk.

Custodial credit risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the District's investments are subject to custodial credit risk.

Restricted cash and investments:

The governmental funds maintain investments restricted for the following purposes:

Bond proceeds for capital outlay	\$ 5,283,551
Future debt service	<u>9,132,292</u>
Total restricted cash, cash equivalents and investments	\$ <u>14,415,843</u>

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2014

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

The proprietary fund maintains investments restricted for the following purposes:

Bond proceeds for capital outlay	\$ 3,841,470
Future debt service	4,253,093
Renewal and replacement of capital assets	<u>1,375,864</u>
 Total restricted cash, cash equivalents and investments	 \$ <u><u>9,470,427</u></u>

NOTE 4 - CAPITAL ASSETS

The following is a schedule of changes in capital assets during the year ended September 30, 2014:

	Balance October 1, 2013	Additions	Transfers	Balance September 30, 2014
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 12,243,726	\$ -	\$ -	\$ 12,243,726
Construction in progress	<u>60,319</u>	<u>17,835,363</u>	<u>(761,912)</u>	<u>17,133,770</u>
 Total capital assets, not depreciated	 <u>12,304,045</u>	 <u>17,835,363</u>	 <u>(761,912)</u>	 <u>29,377,496</u>
Capital assets, being depreciated:				
Infrastructure	138,329,619	-	761,912	139,091,531
Buildings and improvements	3,618,942	-	-	3,618,942
Machinery and equipment	<u>690,010</u>	<u>-</u>	<u>-</u>	<u>690,010</u>
 Total capital assets, being depreciated	 <u>142,638,571</u>	 <u>-</u>	 <u>761,912</u>	 <u>143,400,483</u>
Less accumulated depreciation for:				
Infrastructure	45,591,863	3,334,054	-	48,925,917
Buildings and improvements	1,414,380	126,432	-	1,540,812
Machinery and equipment	<u>429,608</u>	<u>72,038</u>	<u>-</u>	<u>501,646</u>
 Total accumulated depreciation	 <u>47,435,851</u>	 <u>3,532,524</u>	 <u>-</u>	 <u>50,968,375</u>
 Total capital assets depreciated, net	 <u>95,202,720</u>	 <u>(3,532,524)</u>	 <u>761,912</u>	 <u>92,432,108</u>
 Governmental activities capital assets, net	 <u>\$ 107,506,765</u>	 <u>\$ 14,302,839</u>	 <u>\$ -</u>	 <u>\$ 121,809,604</u>

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2014

NOTE 4 - CAPITAL ASSETS (continued)

Provision for depreciation was charged to the following functions:

Governmental activities \$ 3,532,524

The following is a summary of changes in the Water and Sewer Fund fixed assets for the year ended September 30, 2014:

	Balance October 1, 2013	Additions	Transfers	Balance September 30, 2014
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,770,294	\$ -	\$ -	\$ 2,770,294
Easements	82,785	-	-	82,785
Construction in progress	<u>23,460,390</u>	<u>10,752,821</u>	<u>(1,013,135)</u>	<u>33,200,076</u>
Total capital assets, not depreciated	<u>26,313,469</u>	<u>10,752,821</u>	<u>(1,013,135)</u>	<u>36,053,155</u>
Capital assets, being depreciated:				
Building improvements	351,547	86,820	-	438,367
Infrastructure	74,225,740	-	1,013,135	75,238,875
Equipment	1,935,301	107,089	-	2,042,390
Meters in the field	<u>521,461</u>	<u>-</u>	<u>-</u>	<u>521,461</u>
Total capital assets, being depreciated	<u>77,034,049</u>	<u>193,909</u>	<u>1,013,135</u>	<u>78,241,093</u>
Less accumulated depreciation for:				
Building improvements	21,880	17,578	-	39,458
Infrastructure	27,836,650	1,953,332	-	29,789,982
Equipment	927,820	152,474	-	1,080,294
Meters in the field	<u>473,813</u>	<u>15,161</u>	<u>-</u>	<u>488,974</u>
Total accumulated depreciation	<u>29,260,163</u>	<u>2,138,545</u>	<u>-</u>	<u>31,398,708</u>
Total capital assets depreciated, net	<u>47,773,886</u>	<u>(1,944,636)</u>	<u>1,013,135</u>	<u>46,842,385</u>
Business-type activities capital assets	<u>\$ 74,087,355</u>	<u>\$ 8,808,185</u>	<u>\$ -</u>	<u>\$ 82,895,540</u>

Depreciation expense is charged to the following functions:

Business-type activities \$ 2,138,545

The District has awarded various construction contracts. As of September 30, 2014, commitments on uncompleted construction contracts totaled approximately \$ 3,255,000.

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2014

NOTE 5 - LONG-TERM DEBT

The following is a summary of the long-term debt activity of the governmental activities for the year ended September 30, 2014:

	Balance October 1, 2013	Additions	Deletions	Balance September 30, 2014	Due Within One Year
Water management bonds	\$ 15,155,000	\$ 13,780,000	\$ 705,000	\$ 28,230,000	\$ 740,000
Water management discount	-	(275,600)	8,890	(266,710)	-
Special assessment bonds	29,630,000	11,095,000	3,220,000	37,505,000	2,285,000
Special assessment discount	-	(221,900)	10,567	(211,333)	-
	<u>\$ 44,785,000</u>	<u>\$ 24,377,500</u>	<u>\$ 3,944,457</u>	<u>\$ 65,256,957</u>	<u>\$ 3,025,000</u>

Water Management Bonds payable at September 30, 2014 are comprised of the following:

\$ 2,925,000 Series 2005A Water Management Bonds, principal is due annually through May 2024. Interest at 5.375% is due in May and November each year. Current portion is \$ 145,000. The bonds are secured primarily from special assessments levied by the District. \$ 1,905,000

\$ 6,365,000 Series 2005B Water Management Bonds, principal is due annually through May 2035. Interest at 5.50% is due in May and November each year. Current portion is \$ 60,000. The bonds are secured primarily from special assessments levied by the District. 5,990,000

\$ 8,465,000 Series 2010 Water Management Bonds, principal is due annually through May 2024. Interest at 4.39% is due in May and November. Current portion is \$ 535,000. The bonds are secured primarily from special assessments levied by the District. 6,555,000

\$ 7,770,000 Series 2014A-2 Water Management Bonds, principal is due annually through May 2044. Interest at 6.50% is due in May and November. Current portion is \$ 0. The bonds are secured primarily from special assessments levied by the District. 7,770,000

\$ 6,010,000 Series 2014B-2 Water Management Bonds, principal is due annually through May 2044. Interest at 6.625% is due in May and November. Current portion is \$ 0. The bonds are secured primarily from special assessments levied by the District. 6,010,000

\$ 28,230,000

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2014

NOTE 5 - LONG-TERM DEBT (continued)

The annual requirements to amortize the principal and interest of the Water Management Bonds for the next five years and thereafter are as follows:

Year Ending September 30,	Principal	Interest	Total
2015	\$ 740,000	\$ 1,626,818	\$ 2,366,818
2016	775,000	1,592,644	2,367,644
2017	810,000	1,555,301	2,365,301
2018	855,000	1,517,042	2,372,042
2019	890,000	1,476,635	2,366,635
2020-2024	5,150,000	6,709,403	11,859,403
2025-2029	1,990,000	5,747,788	7,737,788
2030-2034	2,625,000	5,133,986	7,758,986
2035-2039	6,385,000	3,842,660	10,227,660
2040-2044	8,010,000	1,644,218	9,654,218
Total	\$ <u>28,230,000</u>	\$ <u>30,846,495</u>	\$ <u>59,076,495</u>

Special Assessment Bonds payable at September 30, 2014 are comprised of the following:

\$ 20,955,000 Series 2005A-1 Special Assessment Bonds, principal is due annually through May 2026. Interest at 5.45% is due in May and November. Current portion is \$ 895,000. The bonds are secured primarily from special assessments levied by the District. \$ 14,765,000

\$ 4,730,000 Series 2005A-2 Special Assessment Bonds, principal is due annually through May 2026. Interest at 5.50% is due in May and November. Current portion is \$ 195,000. The bonds are secured primarily from special assessments levied by the District. 3,195,000

\$ 6,930,000 Series 2006A Special Assessment Bonds, principal is due in annually through May 2027. Interest at 5.20% is due in May and November. Current portion is \$ 290,000. The bonds are secured primarily from special assessments levied by the District. 5,220,000

\$ 1,575,000 Series 2009 Special Assessment Refunding Bonds, principal is due in a balloon payment in May 2019. Interest at 4.50% is due in May and November. Current portion is \$ 160,000. The bonds are secured primarily from special assessments levied by the District. 870,000

\$ 3,175,000 Series 2012 Special Assessment Refunding Bonds, principal is due annually through May 2019. Interest at 2.32% is due in May and November. Current portion is \$ 450,000. The bonds are secured primarily from special assessments levied by the District. 2,360,000

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2014

NOTE 5- LONG-TERM DEBT (continued)

\$ 6,330,000 Series 2014A-1 Special Assessment Bonds, principal is due annually through May 2034. Interest ranging from 6.00% to 6.25% is due in May and November. Current portion is \$ 170,000. The bonds are secured primarily from special assessments levied by the District.

6,330,000

\$ 4,765,000 Series 2014B-1 Special Assessment Bonds, principal is due annually through May 2034. Interest ranging from 6.125% to 6.375% is due in May and November. Current portion is \$ 125,000. The bonds are secured primarily from special assessments levied by the District.

4,765,000

\$ 37,505,000

The annual requirements to amortize the principal and interest of the Special Assessment Bonds outstanding for the next five years and thereafter are as follows:

Year Ending September 30,	Principal	Interest	Total
2015	\$ 2,285,000	\$ 2,031,920	\$ 4,316,920
2016	2,395,000	1,921,831	4,316,831
2017	2,510,000	1,805,836	4,315,836
2018	2,630,000	1,684,005	4,314,005
2019	2,770,000	1,556,063	4,326,063
2020-2024	12,325,000	5,817,214	18,142,214
2025-2029	8,435,000	2,380,032	10,815,032
2030-2034	<u>4,155,000</u>	<u>818,558</u>	<u>4,973,558</u>
Total	<u>\$ 37,505,000</u>	<u>\$ 18,015,459</u>	<u>\$ 55,520,459</u>

Summary of significant bond covenants:

The following is a schedule of required reserve deposits as of September 30, 2014:

	Reserve Requirement	Reserve Balance
Series 2005A/B Water Management Bond	317,844	317,844
Series 2005A-1 Special Assessment Bond	1,212,808	1,212,808
Series 2005A-2 Special Assessment Bond	264,865	265,154
Series 2006A Special Assessment Bond	421,724	440,839
Series 2009 Special Assessment Bond	19,843	19,846
Series 2010 Water Management Bond	81,527	81,528
Series 2012 Special Assessment Bond	251,055	251,098
Series 2014A-1 Water Management Bond	138,242	138,246
Series 2014A-1 Special Assessment Bond	264,579	264,586
Series 2014B-2 Water Management Bond	205,905	205,905
Series 2014B-2 Special Assessment Bond	105,245	105,245

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2014

NOTE 5- LONG-TERM DEBT (continued)

The following is a summary of the long-term debt activity of the business-type activities for the year ended September 30, 2014:

	Balance October 1, 2013	Additions	Deletions	Balance September 30, 2014	Due Within One Year
Water and sewer revenue and refunding bonds	\$ 48,480,000	\$ -	\$ 1,275,000	\$ 47,205,000	\$ 1,300,000
Total bonds payable	\$ 48,480,000	\$ -	\$ 1,275,000	\$ 47,205,000	\$ 1,300,000

Water and Sewer Revenue Bonds payable at September 30, 2014 are comprised of the following:

\$ 50,065,000 Series 2011 Water and Sewer Refunding Revenue Bonds, due in annual principal installments beginning in October 2012 through October 2031. Interest at 3.23% is due in April and October. Current portion is \$ 1,300,000. The bonds are secured by a pledge of net revenues under the indenture, which are defined as all income and monies received by the District from the rates, fees, rentals, charges and other income collected by the District for the use of the products, services and facilities to be provided by the system.

\$ 47,205,000

\$ 47,205,000

The annual requirements to amortize the principal and interest of Proprietary Fund Bonds payable as of September 30, 2014 are as follows:

Year Ending September 30,	Principal	Interest	Total
2015	\$ 1,300,000	\$ 1,524,670	\$ 2,824,670
2016	1,525,000	1,482,405	3,007,405
2017	2,160,000	1,418,112	3,578,112
2018	2,235,000	1,346,150	3,581,150
2019	2,305,000	1,271,813	3,576,813
2020-2024	12,680,000	5,164,214	17,844,214
2025-2029	14,875,000	2,908,382	17,783,382
2030-2032	10,125,000	504,700	10,629,700
Total	\$ 47,205,000	\$ 15,620,446	\$ 62,825,446

At September 30, 2014, the above Series 2011 Water and Sewer Refunding Revenue Bonds has a reserve balance requirement of \$ 1,799,901 which was met.

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2014

NOTE 6 - INTERFUND TRANSACTIONS

Interfund receivables and payables at September 30, 2014 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental funds:		
General Fund	\$ 199,516	\$ 538,495
206 Debt Service	-	4,307
207 Debt Service	-	12,677
208 Debt Service	-	8,327
209 Debt Service	-	3,782
210 Debt Service	-	9,116
211 Debt Service	-	8,507
212 Debt Service	-	107,917
	<u> </u>	<u> </u>
Governmental totals	\$ 199,516	\$ 693,128
	<u> </u>	<u> </u>
Enterprise funds:		
Water and Sewer Fund	\$ 493,612	\$ -
	<u> </u>	<u> </u>
Enterprise totals	\$ 493,612	\$ -
	<u> </u>	<u> </u>
Totals	\$ 693,128	\$ 693,128
	<u> </u>	<u> </u>

Amounts due from the General Fund mostly represent payroll reimbursement to the Water and Sewer Fund. Amounts due to the General Fund represent monies owed for assessments. All balances are expected to be paid within 60 days after year end.

Interfund transfers during the year were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental funds:		
General Fund	\$ 317,768	\$ -
212 Debt Service Fund	-	317,768
	<u> </u>	<u> </u>
Totals	\$ 317,768	\$ 317,768
	<u> </u>	<u> </u>

Amounts transferred between funds during the year were for reimbursing the General Fund for renewal and replacement expenditures.

NOTE 7 - COMPENSATED ABSENCES PAYABLE

Employees of the District accumulate unused sick time and vacation time up to a specified number of hours depending on the employee's length of employment. Accumulated vacation time can be redeemed in cash at retirement. Accumulated sick time is not generally payable in cash except for the sick time of employees that were grandfathered in when the District changed its policy regarding payment for accumulated sick time.

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2014

NOTE 7 - COMPENSATED ABSENCES PAYABLE (continued)

The following is a schedule of the changes in compensated absences of the General Fund:

	Balance October 1, 2013	Increase (Decrease)	Balance September 30, 2014	Due Within One Year
Compensated absences	\$ 46,391	\$ (20,270)	\$ 26,121	\$ 2,612
Total	\$ 46,391	\$ (20,270)	\$ 26,121	\$ 2,612

The following is a schedule of the changes in compensated absences of the Proprietary Fund:

	Balance October 1, 2013	Increase (Decrease)	Balance September 30, 2014	Due Within One Year
Compensated absences	\$ 58,981	\$ 6,469	\$ 65,450	\$ 6,545
Total	\$ 58,981	\$ 6,469	\$ 65,450	\$ 6,545

NOTE 8 - RETIREMENT PLAN

The District participates in a multi-employer defined contribution pension plan sponsored by Coral Springs Improvement District, covering all employees who meet certain age and length-of-service requirements. The District's required contribution is 9% of the total salaries of qualified participants. There is no required contribution for participants of the plan. Total salaries of the qualified participants for the year ending September 30, 2014 were approximately \$ 2,333,000. Each participant's non-forfeitable percentage of the employer's contribution account increases (vests) 20% for each year of service for five years, at the end of which time the employee would be fully vested. Employer contributions for the period, less forfeitures from terminated employees, were approximately \$ 210,000.

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS

Funding Policy

The District provides no post-retirement benefits to retired employees but is required by state law to provide the availability for retirees to enroll in the health plan offered to its employees on a cost reimbursement basis.

The District does not directly make a contribution to provide retired employees with health care benefits. Retirees and their beneficiaries pay the same group rates as are charged to the District for active employees by its healthcare provider. However, the District's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an employer contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the District or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2014

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (continued)

The District's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement No. 45 *Accounting and Financial Reporting by Employers Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The annual OPEB cost for the District for the current year and the related information is as follows:

Required contribution rates:	
Employer	Pay-as-you-go
Plan members	\$ -
Annual required contribution	97,000
Interest on net OPEB obligation	11,000
Adjustment to annual required contribution	(25,000)
Annual OPEB cost	<u>83,000</u>
Contributions made (credit for implied subsidy)	(7,000)
Increase in net OPEB obligation	<u>76,000</u>
Net OPEB obligation - beginning of year	287,000
Net OPEB obligation - end of year	<u><u>\$ 363,000</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the increase in net OPEB obligation for the fiscal year ended September 30, 2014 was:

Annual OPEB cost	\$ 83,000
Percentage of OPEB cost contributed	<u>8%</u>
Increase in the Net OPEB obligation	<u><u>\$ 83,000</u></u>

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2014 was as follows:

Actuarial value of plan assets	\$ -
Actuarial accrued liability	<u>455,000</u>
Unfunded actuarial accrued liability (UAAL)	\$ <u>455,000</u>
Funded ratio	0%
Covered payroll	<u><u>\$ 2,552,000</u></u>
UAAL as a percentage of covered payroll	17.8%

**NORTH SPRINGS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2014**

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (continued)

The actuarial valuation for the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the District has not contributed assets to the plan at this time.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	July 1, 2014
Actuarial cost method	Projected unit credit
Amortization method	15-year open period; level dollar payment
Actuarial assumptions:	
Investment rate of return	4.00% per annum*
Healthcare cost trend rates:	
Select rate	8.00% for 2014/2015 graded to 5.50% for 2019/2020
Ultimate rate	5.00% per annum

*Includes inflation at 2.75% per annum

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

Claims, expenditures and liabilities would have been reported if it were probable that a loss in excess of policy limits had occurred and the amount of that loss could be reasonably estimated.

NOTE 11 - SUBSEQUENT EVENT

In October 2014, the District issued \$ 6,415,000 in Water Management Refunding Bonds Series 2014 for the purpose of refinancing the Water Management Refunding Bonds Series 2010. This bond bears an interest rate of 2.95% through maturity on May 1, 2024. Interest payments are due semiannually in May and November, with principal due once a year in May.

REQUIRED SUPPLEMENTARY INFORMATION

**NORTH SPRINGS IMPROVEMENT DISTRICT
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS PLAN
September 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ** (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
* 10/1/2010	\$ -	\$ 305,000	\$ 305,000	0%	\$ 1,791,000	17.0%
10/1/2012	-	460,000	460,000	0%	2,147,000	21.4%
7/1/2014	-	455,000	455,000	0%	2,552,000	17.8%

* Year of GASB Statement No. 45 implementation.

** Covered payroll is for the calendar year period used for the actuarial valuation.

OTHER FINANCIAL INFORMATION

NORTH SPRINGS IMPROVEMENT DISTRICT

Nonmajor Governmental Funds Overview

2005 A/B Debt Service Fund (206 Debt Service) - The 2005 A/B Debt Service Fund accounted for debt service requirements for the District's outstanding Water Management Bonds, Series 2005A/B.

2005A1/B1 Debt Service Fund (208 Debt Service) - The 2005A1/B1 Debt Service Fund accounted for debt service requirements for the District's outstanding Special Assessment Bonds, Series 2005A1/B1.

2009 Special Assessment Refunding Bonds Parkland Isles Debt Service Fund (210 Debt Service) - The 2009 Parkland Isles Debt Service Fund accounted for debt service requirements for the District's outstanding Special Assessment Bonds, Series 2009.

2010 Debt Service Fund (211 Debt Service) - The 2010 Debt Service Fund accounted for debt service requirements for the District's Outstanding Water Management Bonds, Series 2010.

2012 Debt Service Fund (212 Debt Service) - The 2012 Debt Service Fund accounted for debt service requirements for the District's Outstanding Special Assessment Bonds, Series 2012.

2014A-1 Debt Service Fund (213 Debt Service) - The 2014A-1 Debt Service Fund accounted for debt service requirements for the District's Outstanding Special Assessment Bonds, Series 2014A-1.

2014A-2 Debt Service Fund (214 Debt Service) - The 2014A-2 Debt Service Fund accounted for debt service requirements for the District's Outstanding Water Management Bonds, Series 2014A-2.

2014B-1 Debt Service Fund (215 Debt Service) - The 2014B-1 Debt Service Fund accounted for debt service requirements for the District's Outstanding Special Assessment Bonds, Series 2014B-1.

2014B-2 Debt Service Fund (216 Debt Service) - The 2014B-2 Debt Service Fund accounted for debt service requirements for the District's Outstanding Water Management Bonds, Series 2014B-2.

2005A/B Capital Project Fund (306 Capital Projects) - The 2005A/B Capital Project Fund accounts for the financing and refinancing the acquisition, construction and installation of the water management facilities and related improvements.

2005 A1&B1 Supplement 3 Capital Project Fund (307 Capital Projects) - The 2005 A1&B1 Supplement 3 Capital Project Fund accounts for construction of infrastructure improvements within the boundaries of the Supplement 3 land.

2006A/B Capital Projects Fund (309 Capital Projects) - The 2006A/B Capital Projects Fund accounts for the public stormwater improvements, water and sewer improvements and roads benefiting each of the assessment areas.

NORTH SPRINGS IMPROVEMENT DISTRICT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
September 30, 2014

	206 Debt Service	208 Debt Service	210 Debt Service	211 Debt Service	212 Debt Service	213 Debt Service
ASSETS:						
Restricted assets:						
Investments at fair value	\$ 739,631	\$ 446,631	\$ 55,179	\$ 468,999	\$ 414,346	\$ 332,053
Total assets	<u>\$ 739,631</u>	<u>\$ 446,631</u>	<u>\$ 55,179</u>	<u>\$ 468,999</u>	<u>\$ 414,346</u>	<u>\$ 332,053</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Contracts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>4,307</u>	<u>8,327</u>	<u>9,116</u>	<u>8,507</u>	<u>107,917</u>	<u>-</u>
Total liabilities	<u>4,307</u>	<u>8,327</u>	<u>9,116</u>	<u>8,507</u>	<u>107,917</u>	<u>-</u>
Fund balances:						
Restricted for:						
Debt service	735,324	438,304	46,063	460,492	306,429	-
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,053</u>
Total fund balances	<u>735,324</u>	<u>438,304</u>	<u>46,063</u>	<u>460,492</u>	<u>306,429</u>	<u>332,053</u>
Total liabilities and fund balances	<u>\$ 739,631</u>	<u>\$ 446,631</u>	<u>\$ 55,179</u>	<u>\$ 468,999</u>	<u>\$ 414,346</u>	<u>\$ 332,053</u>

<u>214</u> <u>Debt</u> <u>Service</u>	<u>215</u> <u>Debt</u> <u>Service</u>	<u>216</u> <u>Debt</u> <u>Service</u>	<u>306</u> <u>Capital</u> <u>Projects</u>	<u>307</u> <u>Capital</u> <u>Projects</u>	<u>309</u> <u>Capital</u> <u>Projects</u>	<u>Total Nonmajor</u> <u>Governmental</u> <u>Funds</u>
\$ <u>517,120</u>	\$ <u>1,338,444</u>	\$ <u>1,774,237</u>	\$ <u>68,213</u>	\$ <u>2,626,489</u>	\$ <u>109,280</u>	\$ <u>8,890,622</u>
\$ <u><u>517,120</u></u>	\$ <u><u>1,338,444</u></u>	\$ <u><u>1,774,237</u></u>	\$ <u><u>68,213</u></u>	\$ <u><u>2,626,489</u></u>	\$ <u><u>109,280</u></u>	\$ <u><u>8,890,622</u></u>
\$ -	\$ -	\$ -	\$ -	\$ 1,939	\$ -	\$ 1,939
-	-	-	-	-	-	138,174
-	-	-	-	1,939	-	140,113
-	-	-	-	-	-	1,986,612
<u>517,120</u>	<u>1,338,444</u>	<u>1,774,237</u>	<u>68,213</u>	<u>2,624,550</u>	<u>109,280</u>	<u>6,763,897</u>
<u>517,120</u>	<u>1,338,444</u>	<u>1,774,237</u>	<u>68,213</u>	<u>2,624,550</u>	<u>109,280</u>	<u>8,750,509</u>
\$ <u><u>517,120</u></u>	\$ <u><u>1,338,444</u></u>	\$ <u><u>1,774,237</u></u>	\$ <u><u>68,213</u></u>	\$ <u><u>2,626,489</u></u>	\$ <u><u>109,280</u></u>	\$ <u><u>8,890,622</u></u>

NORTH SPRINGS IMPROVEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2014

	206 Debt Service	208 Debt Service	210 Debt Service	211 Debt Service	212 Debt Service	213 Debt Service
REVENUES:						
Special assessments	\$ 646,589	\$ 399,844	\$ 199,559	\$ 849,285	\$ 510,861	\$ -
Interest income	<u>47</u>	<u>28</u>	<u>7</u>	<u>37</u>	<u>37</u>	<u>10</u>
Total revenues	<u>646,636</u>	<u>399,872</u>	<u>199,566</u>	<u>849,322</u>	<u>510,898</u>	<u>10</u>
EXPENDITURES:						
Debt service:						
Principal	195,000	205,000	150,000	510,000	440,000	-
Interest	442,394	186,450	46,538	314,461	64,960	69,983
Bond issuance costs and other fiscal charges	4,233	8,327	4,337	4,337	3,717	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>641,627</u>	<u>399,777</u>	<u>200,875</u>	<u>828,798</u>	<u>508,677</u>	<u>69,983</u>
Excess of revenues over (under) expenditures	5,009	95	(1,309)	20,524	2,221	(69,973)
OTHER FINANCING SOURCES (USES):						
Operating transfers out	-	-	-	-	(317,768)	-
Bond proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>402,026</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(317,768)</u>	<u>402,026</u>
Excess of revenues and other sources over (under) expenditures and other uses	5,009	95	(1,309)	20,524	(315,547)	332,053
FUND BALANCES, October 1, 2013	<u>730,315</u>	<u>438,209</u>	<u>47,372</u>	<u>439,968</u>	<u>621,976</u>	<u>-</u>
FUND BALANCES, September 30, 2014	<u>\$ 735,324</u>	<u>\$ 438,304</u>	<u>\$ 46,063</u>	<u>\$ 460,492</u>	<u>\$ 306,429</u>	<u>\$ 332,053</u>

214 Debt Service	215 Debt Service	216 Debt Service	306 Capital Projects	307 Capital Projects	309 Capital Projects	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,606,138
<u>17</u>	<u>44</u>	<u>58</u>	<u>4</u>	<u>159</u>	<u>35</u>	<u>483</u>
<u>17</u>	<u>44</u>	<u>58</u>	<u>4</u>	<u>159</u>	<u>35</u>	<u>2,606,621</u>
-	-	-	-	-	-	1,500,000
91,190	58,724	78,526	-	-	-	1,353,226
-	-	-	-	-	-	24,951
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360,699</u>	<u>23,126</u>	<u>383,825</u>
<u>91,190</u>	<u>58,724</u>	<u>78,526</u>	<u>-</u>	<u>360,699</u>	<u>23,126</u>	<u>3,262,002</u>
(91,173)	(58,680)	(78,468)	4	(360,540)	(23,091)	(655,381)
-	-	-	-	-	-	(317,768)
<u>608,293</u>	<u>1,397,124</u>	<u>1,852,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,260,148</u>
<u>608,293</u>	<u>1,397,124</u>	<u>1,852,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,942,380</u>
517,120	1,338,444	1,774,237	4	(360,540)	(23,091)	3,286,999
<u>-</u>	<u>-</u>	<u>-</u>	<u>68,209</u>	<u>2,985,090</u>	<u>132,371</u>	<u>5,463,510</u>
\$ <u>517,120</u>	\$ <u>1,338,444</u>	\$ <u>1,774,237</u>	\$ <u>68,213</u>	\$ <u>2,624,550</u>	\$ <u>109,280</u>	\$ <u>8,750,509</u>

**OTHER REPORTS OF
INDEPENDENT AUDITORS**

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Supervisors
North Springs Improvement District
Coral Springs, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of North Springs Improvement District (the "District"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 16, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


KEEFE McCULLOUGH

Fort Lauderdale, Florida
March 16, 2015